



From cubicles to suites: Hotels embrace makeovers ▶ P14

From cubicles to suites: Hotel sector embraces makeovers

Convert offices to hotels, add apartments to properties as deal valuations limit new inventory

Varuni Khosla
varuni.k@livemint.com
NEW DELHI

Indian hotel operators have run into high valuations and a lack of quality assets as they seek to expand in a market hungry for luxury travel. They have turned creative to overcome these hurdles by acquiring properties that can be redeveloped or repurposing office buildings into hotels and even incorporating apartments into their projects.

Good assets are few and far between, said Sanjay Sethi, managing director and chief executive of listed hotel ownership company Chalet Hotels Ltd. "On the M&A side, we focus on such assets with development or upside potential of expanding rooms or repositioning them to make them better."

Chalet will look to build more rooms in some of its upcoming acquired hotels. Indian Hotels Company Ltd's Taj, which is building its Bandstand Hotels (erstwhile Sea Rock Hotel), will have a section of about 85 apartments to monetize the property immediately.

Samhi Hotels Ltd plans to convert an existing office building into a hotel in Hyderabad. ITC Hotels has an apartment complex at its property in Colombo, Sri Lanka.

Dusit International also signed a property in Karnataka's Bagepalli, under its 'Dusit Princess' brand for villas, a hotel for senior living, a clubhouse and some retail stores over 80 acres. It will build hotels and villas in Raipur too while its property Bhiwadi, Rajasthan will offer hotel and clubhouse facilities.

Hotel deals momentum is expected to persist this year. Real estate consultant JLL projects a transaction value of \$330 million (about ₹2800 crore) in 2025, similar to last year's. "This esti-



Listed hotel firms like Chalet, Samhi and IHCL are redeveloping or repurposing properties to add room inventory.

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mate may be conservative as the potential sale of newer hotel land parcels can further boost the overall figure," said Jaideep Dang, managing director, hotels & hospitality group at the firm.

The past few months saw some large transactions. JLL facilitated the sale of Holiday Inn in Mumbai in September 2024 at a valuation of ₹450 crore (\$55 million). In October, Bengaluru saw two hotel acquisitions in a day with SAMHI and Juniper securing deals worth ₹485 crore. SAMHI sold a Chennai hotel to GreenPark Hotels and Resorts for ₹53.5 crore in February, and Chalet purchased The Westin Himalayas in Rishikesh for ₹530 crore.

Hotel transactions in India remain largely fragmented, making it difficult to quantify annual deal activity, but 2024 witnessed a surge in transactions,

resulting in landmark deals, according to Megha Tuli, partner and co-founder at hospitality consultant Hotelivate.

"Transaction volumes in 2025 are expected to reflect a similar trend, with buyer interest continuing to outpace available supply. But the imbalance is likely to stabilise over the next couple of years as the hotels sector evolves and pricing expectations align more closely with market realities."

Investor interest in acquiring properties is surging even as listed hotel companies reach record-high valuations. "Hotel companies continue to prioritise acquiring assets in tier 1 cities or established, branded hotels in other promising locations," said Tuli. "However, while assets are available, their valuations are exceeding what many buyers consider justifiable."

Assets up for grabs are scarce too. India has about 150-odd hotels with large room inventories of about 300 or more. Most of them are owned by bigger companies like ITC, Taj, Oberoi, Chalet, Hyatt and others, which are not in the market to sell their assets.

"It would be impossible to buy such hotels since they had been too expensive and won't give 10-12% return to the buyers. So we're focused on assets which we could make changes to and solve our own yield," Ashish Jakhanwala, chairman and managing director and chief executive of Samhi Hotels, said.

The Gurugram-based firm is in the process of converting the Hyderabad office building into a 175-room hotel, a first of its kind in Hytech City.

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₹2.8k cr
Worth of hotel deals were recorded in 2024

150
Hotels in India have 300+ rooms owned by large companies